

Message Text

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INFO AMCONSUL BOMBAY

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TAGS: EGEN US IN

SUBJECT: INDIAN PRESS ON ECONOMIC AND COMMERCIAL SUBCOMMISSION

REF: STATE 14370

1. ONLY THE HINDUSTAN TIMES, THE FINANCIAL EXPRESS, THE NATIONAL HERALD AND THE ECONOMIC TIMES GAVE PROMINENT TREATMENT TO THE FIRST MEETING OF THE ECONOMIC AND COMMERCIAL SUBCOMMISSION OF THE INDO-US JOINT COMMISSION. NO NEWSPAPER CARRIED THE FULL TEXT OF THE COMMUNIQUE ISSUED AT THE END OF THE SUBCOMMISSION MEETING. THE ARTICLES WERE BASED UPON ASSOCIATED PRESS AND PRESS TRUST OF INDIA WIRE STORIES.

2. THE INDIAN NEWSPAPERS FOCUSED ON THE ESTABLISHMENT OF A JOINT BUSINESS COUNCIL AND US INVESTMENT IN INDIA. ACCORDING TO THE ARTICLES THE BUSINESS COUNCIL WILL INCREASE DIRECT CONTACTS BETWEEN US PRIVATE ENTERPRISE AND INDIAN PRIVATE AND PUBLIC SECTOR ENTERPRISES IN HIGH PRIORITY INDUSTRIAL AND COMMERCIAL PROJECTS. THE INDIAN DELEGATION REPORTEDLY EMPHASIZED THAT US INVESTMENT WOULD BE SOUGHT MOSTLY IN HIGH TECHNOLOGY AND

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EXPORT-ORIENTED INDUSTRIES AND SHOULD NOT BE VIEWED AS A SOURCE

OF FOREIGN EXCHANGE. THE ARTICLES QUOTED GOI FINANCE SECRETARY M G KAUL AS EMPHASIZING THE FAVORABLE CLIMATE FOR AMERICAN INVESTMENT IN INDIA SINCE PROFITS ACCRUING TO US COMPANIES INVESTING IN INDIA ARE "THEIR FOURTH HIGHEST IN THE WORLD". INDIA HAS A VAST RESERVOIR OF TRAINED MANPOWER AND IS IDEALLY SITUATED TO UNDERTAKE JOINT VENTURES IN THIRD COUNTRIES. KAUL WAS ALSO QUOTED AS SAYING THAT CURRENT RESTRICTIONS ON DIVIDENDS ARE TEMPORARY.

3. THE ARTICLES EMPHASIZED INDIAN HOPES FOR REDUCING ITS TRADE DEFICIT TO THE US BY INCREASING EXPORTS OF ENGINEERING AND ELECTRONIC GOODS, AND OTHER NON-TRADITIONAL ITEMS. TO AID INDIAN EXPORTS, THERE WOULD BE GOVERNMENT TO GOVERNMENT TRADE EXPANSION PROGRAMS AND EXCHANGE OF MARKETING INFORMATION. SOME PAPERS PREFACED THE SECTION IN THE COMMUNIQUE WHICH DISCUSSED OPPORTUNITIES PROVIDED BY GSP WITH REMARKS ON GOI UNHAPPINESS WITH THE 1974 US TRADE REFORM ACT. THEY ALSO REPORTED ASSURANCES BY THE US DELEGATION THAT THE EXECUTIVE BRANCH WOULD USE ITS DISCRETION IN IMPLEMENTING THE ACT SO AS TO HELP INDIA.

4. THE NEWSPAPERS GAVE PROMINENT COVERAGE TO THE ESTABLISHMENT OF AN AGRICULTURAL WORKING GROUP WHICH WOULD SEEK TO OVERCOME SHORT SUPPLY OF FERTILIZERS AND PESTICIDES, AND TO INCREASE INDIAN CAPACITY TO MANUFACTURE THESE ITEMS. M G KAUL REPORTEDLY RAISED THE DUAL PRICING OF FERTILIZERS BY AMERICAN INDUSTRY, WHICH GIVES A RELATIVELY LOW PRICE FOR DOMESTIC CONSUMERS AND A FAR HIGHER EXPORT PRICE.

5. ALTHOUGH SOME PAPERS (INCLUDING THE INDIAN EXPRESS) IGNORED THE COMMUNIQUE, COMMENTS WHICH DID APPEAR WERE UNIFORMLY FRIENDLY AND MADE THE MOST OUT OF THE SUBCOMMISSION. THE ARTICLES NOTED THAT THIS WAS THE FIRST TIME THAT THE USG HAD AGREED TO PROMOTE TRADE AND JOINT ENTERPRISES AND OTHER FORMS OF ECONOMIC COOPERATION WITH A NON-COMMUNIST COUNTRY. PREVIOUSLY, THE US HAD TAKEN A HANDS-OFF APPROACH TOWARD TRADE PROMOTION, AND TOLD THE GOI THAT INDIA WOULD HAVE TO APPROACH THE US PRIVATE SECTOR ON ITS OWN. THE ARTICLES SAID THAT THE TWO-DAY MEETING REVEALED THE USG'S DESIRE TO INTENSIFY ECONOMIC CONTACTS WITH INDIA, "TAKING INTO ACCOUNT THE CAPACITY OF BOTH PRIVATE AND PUBLIC SECTORS". SCHNEIDER

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